

## Message Text

CONFIDENTIAL

PAGE 01 ADDIS 03042 160922Z  
ACTION AF-10

INFO OCT-01 ISO-00 AID-05 IGA-02 EB-07 OMB-01 TRSE-00  
DHA-02 CIAE-00 DODE-00 PM-04 H-01 INR-07 L-03  
NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06  
/073 W

-----161237Z 015744 /50

R 160833Z MAY 77  
FM AMEMBASSY ADDIS ABABA  
TO SECSTATE WASHDC 3490

C O N F I D E N T I A L ADDIS ABABA 3042

E.O. 11652: GDS  
TAGS: EAID, SHUM, ET, US  
SUBJECT: IMPLICATION OF HUMAN RIGHTS CONSIDERATIONS AND IDA LOANS FOR  
BILATERAL ECONOMIC ASSISTANCE

REF: A) STATE 196156, B) STATE 105993, C) ADDIS ABABA 3001,  
D) STATE 086096, E) ADDIS ABABA 2944

1. STATE REFTELS ARE PROVIDING US WITH CONFLICTING SIGNALS AS TO WHAT EMBASSY CAN EXPECT REGARDING FUTURE US ATTITUDE TOWARD BILATERAL DEVELOPMENT ASSISTANCE TO ETHIOPIA. ON ONE HAND ACTING CHARGE WAS INSTRUCTED TO NOTIFY EPMG OF US ABSTENTION ON TWO IDA LOANS (REFTELS A AND C) ON HUMAN RIGHTS GROUNDS, AN ACTION WHICH PROVOKED SHARPLY NEGATIVE EXTEMPORANEOUS OFFICIAL RESPONSE AND MEDIA REACTION, AND ONE WHICH COULD WELL LEAD TO SOME SORT OF RETALIATORY ACTION AGAINST OUR BILATERAL ECONOMIC AID PROGRAM, GIVEN CURRENT EPMG SENSITIVITIES. ON OTHER HAND, WE ARE ADVISED OF PROPOSED AMENDMENTS TO FOREIGN ASSISTANCE ACT (REFTEL B), STIPULATING THAT BILATERAL ECONOMIC ASSISTANCE TO ETHIOPIA WILL HENCEFORTH BE PROVIDED ON GRANT, RATHER THAN LOAN, BASIS, AND THIS AT LEVEL WHICH REMAINS HIGHEST IN AFRICA.

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2. EMBASSY HAS NOT YET INFORMED EPMG OF THIS MORE LIBERAL POLICY, ALTHOUGH ETHIOPIANS MAY BE AWARE OF IT, SINCE INFORMATION IS IN PUBLIC DOMAIN. BECAUSE OF RECENT DEVELOPMENTS IN EPMG-US RELATIONSHIP, WE HAVE BEEN RELUCTANT TO DO SO AND CONSIDER IT EVEN MORE AWKWARD TO DO SO NOW. AFTER IDA ABSTENTION AND DECISION TO REDUCE AID MISSION COMPLEMENT TO WHAT AMOUNTS

TO LITTLE MORE THAN CARETAKER-SIZE STAFF, WE WONDER IF IT IS STILL US INTENTION TO MAINTAIN AID FUNDING AT INDICATED FY 77 AND FY 78 LEVELS. REF. E POINTED OUT SEVERE IMPLICATIONS OF REDUCING MISSION PERSONNEL FOR OUR ABILITY TO CARRY OUT FY 78 PROGRAM AT CURRENTLY PROJECTED LEVEL AND REQUESTED POLICY GUIDANCE FOR FUTURE AID ROLE. GIVEN CHANGE IN US AID POSTURE WHICH IDA LOAN ABSTENTION REPRESENTS, WE CAN ONLY ASSUME THAT EQUALLY BASIC CHANGES ARE IN TRAIN IN WASHINGTON RELATING TO OUR BILATERAL PROGRAM AS WELL.

3. SPECIFICALLY, WE WOULD LIKE TO KNOW IF WASHINGTON INTENTION IS TO DEFER OR REDUCE FUTURE BILATERAL ASSISTANCE ON BASIS EPMG HUMAN RIGHTS VIOLATIONS OR OTHER GROUNDS. PENDING SUCH GUIDANCE, EMBASSY PROPOSES, IN ITS DAY-TO-DAY DISCUSSIONS WITH ETHIOPIAN MINISTRIES AND AGENCIES RESPONSIBLE FOR VARIOUS ASPECTS OF OUR ASSISTANCE ACTIVITIES HERE, NOT TO HIDE FACT OF SHIFT FROM LOAN TO GRANT ASSISTANCE FOR RELATIVELY LEAST DEVELOPED COUNTRIES, AMONG WHICH ETHIOPIA IS INCLUDED, BUT TO AVOID DISCUSSION OF OVERALL BUDGET LEVELS FOR ETHIOPIA.  
MALIN

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## Message Attributes

**Automatic Decaptioning:** X  
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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Disposition Approved on Date:**  
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**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
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**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
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**Reference:** 77 STATE 196156, 77 STATE 105993, 77 ADDIS ABABA 3001  
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**TAGS:** EAID, SHUM, ET, US  
**To:** STATE  
**Type:** TE  
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**Review Markings:**  
Margaret P. Grafeld  
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